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Supreme Court, U.S.
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IN THE

Supreme Court of the United States

LANDMARK SCREENS, LLC,

Petitioner,

v.

MORGAN, LEWIS & BOCKIUS LLP AND THOMAS D. KOHLER,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE CALIFORNIA COURT OF APPEAL, SIXTH APPELLATE DISTRICT

REPLY BRIEF OF PETITION

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REPLY BRIEF OF PETITIONER

The broad and overreaching standard articulated by the Federal Circuit in *Immunocept*[1] and *Air Measurement*[2] marks a sea change in that Court's reach over traditional state law malpractice claims involving patent attorneys. Many state and federal court decisions decided after *Immunocept* and *Air Measurement*, including the instant one, have blindly followed the Federal Circuit. Yet, other state and federal courts have openly rejected the Federal Circuit's reasoning as inconsistent with this Court's precedent. Notwithstanding Respondents' efforts to read unity into these cases, the disagreement among the courts is express in the opinions themselves and is recognized consistently by commentators.

This law-based conflict over when relief in a malpractice case involving patent lawyers "necessarily depends on resolution of a substantial question of federal patent law" will continue to arise, causing confusion for practitioners and resulting in dire consequences for their clients. Indeed, in the few months since the original Petition in this case was filed, a number of additional decisions have issued, applying varying standards. Yet, because of the procedural context in which the issue typically arises, it will generally escape review. This case provides a unique opportunity for this Court to address this important question of law.

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1. *Immunocept, LLC v. Fulbright & Jaworski, LLP*, 504 F.3d 1281, 1285-86 (Fed. Cir. 2007).

2. *Air Measurement Techs., Inc. v. Akin Gump Strauss Hauer & Feld, L.L.P.*, 504 F.3d 1262, 1269 (Fed. Cir. 2007).

I. The law is unsettled and ripe for review.

The Federal Circuit's decisions in *Air Measurement* and *Immunocept* and their progeny mark a sea change in the law.[3] Indeed, before *Air Measurement* and *Immunocept*, state and federal courts rejected § 1338 jurisdiction over state-law malpractice claims involving patent issues.[4]

While many cases subsequent to *Air Measurement* and *Immunocept* follow the Federal Circuit's newly-articulated standard and find exclusive federal jurisdiction under § 1338 in a broad array of malpractice claims involving patent attorneys, a significant number of courts disagree.[5] For example, in *Minton v. Gunn* the

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3. *See, e.g., Berndt v. Greenwich Ins. Co.*, No. 08-cv-130-bbc, 2008 U.S. Dist. LEXIS 98079 (W.D. Wis. Dec. 2, 2008) (stating that *Immunocept* represented the "adopt[ion of] an expansive view of § 1338"). Moreover, the Federal Circuit in *Air Measurement* recognized that it was a case of first impression for the court. 504 F.3d at 1267.

4. *See, e.g., Adamasu v. Gifford, Krass, Groh, Sprinkle, Anderson & Citkowski, P.C.*, No. 05-70389, 2005 U.S. Dist. LEXIS 37769 at *5, 11 (E.D. Mich. July 25, 2005); *IMT, Inc. v. Haynes & Boone, L.L.P.*, No. 3:98-CV-2634-D, 1999 U.S. Dist. LEXIS 1083 at *2-3, 10-11 (N.D. Tex. Feb 1, 1999); *Commonwealth Film Processing Inc. v. Moss & Rocovich, P.C.*, 778 F. Supp. 283, 285-86 (W.D. Va. 1991); *Voight v. Kraft*, 342 F. Supp. 821, 821-22 (D. Idaho 1972); *Minatronics Corp. v. Buchanan Ingersoll P.C. (No. 2)*, 28 Pa. D. & C.4th 214, 216-17 (1996).

5. Although the Fifth Circuit in *Singh v. Duane Morris LLP*, distinguished the Federal Circuit precedent by noting that "it is possible" that the federal interest in patent law "might" distinguish it from trademark, *Singh* is described by the court

court characterizes the Federal Circuit's decisions as "misappl[ying] United States Supreme Court precedent by disregarding the federalism analysis that the Supreme Court has applied." 301 S.W.3d 702, 709 (Tex. App.—Fort Worth, 2009, pet. filed). Similarly, in *Warrior Sports, Inc. v. Dickinson Wright, P.L.L.C.*, the district court criticized the Federal Circuit's lack of restraint, stating that "the Federal Circuit appears to have no reservations about exercising its power over underlying patent issues as leverage to reach purely state-law causes of action." 666 F. Supp. 2d 749, 751 (E.D. Mich. 2009).[6]

Other recent cases undertake federalism analyses and hold—unlike the Federal Circuit—that exclusive jurisdiction would disturb the balance between federal and state jurisdictional responsibilities. *See, e.g., Roof Tech. Servs. v. Hill*, 679 F. Supp. 2d 749, 752-54 (N.D. Tex. 2010); *Genelink Biosciences, Inc. v. Colby*, 722 F. Supp. 2d 592, 599-601 (D. N.J. 2010). Some hold, in

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below—and is regularly described—as rejecting the Federal Circuit's analysis of *Grable*. 538 F.3d 334, 340 (5th Cir. 2008); Pet. App. 17a-18a; *see also, e.g., Tofanelli v. Biogen Idec, Inc.*, No. 07-11840-DPW, 2008 U.S. Dist. LEXIS 61674 at *10-11 n.1 (D. Mass. Aug. 5, 2008) (*Singh* and *Air Measurement* are "different approaches" to *Grable*); *Minton*, 301 S.W.3d at 720-21 (dissent) (noting that the majority chose "to follow *Singh*" as opposed to following *Air Measurement* and *Immunocept*); Mallen & Smith, Legal Malpractice, § 35:4 at 1157 (West 2010) (noting that *Singh* "both challenged and distinguished" the Federal Circuit).

6. Given the strong critique of Federal Circuit precedent, it is not surprising that the Federal Circuit recently reversed the district court. *Warrior Sports, Inc. v. Dickinson Wright, P.L.L.C.*, No. 2010-1091, 2011 U.S. App. LEXIS 521 at *12 (Fed. Cir. Jan. 11, 2011).

contrast to the Federal Circuit line of cases, that there is no federal interest in hypothetical[7] case-within-a-case determinations. *See, e.g.*, *Genelink*, 722 F. Supp. 2d at 600-601. Some additionally hold that the federal interest is further diminished where no patent has issued or where the patent has expired. *See, e.g.*, *Roof Tech.*, 679 F. Supp. 2d at 753. Respondents characterize these cases as merely reaching a different conclusion from the Federal Circuit "on the basis of different facts." Resp. 16. But these cases do not just distinguish *Air Measurement* and *Immunocept* on their facts but instead reach and disagree with the fundamental legal standard applied.[8]

This conflict shows no signs of subsiding. Indeed, in the short time since the Petition was filed, at least three new state and federal cases have issued, bringing the total number of similar cases above thirty while increasing the confusion on this issue.[9] Further, many state courts

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7. "Hypothetical," as used in the Petition and the lower court decision refers to the analysis in a malpractice case of various hypothetical alternative courses of conduct the attorney may have followed to reach different results than those actually reached.

8. Any distinction of Federal Circuit precedent on the grounds that the Federal Circuit authorities extended jurisdiction only to cases where actual patents had issued was rendered meaningless by *Davis v. Brouse McDowell, L.P.A.*, 596 F.3d 1355, 1358 (Fed. Cir. 2010) (finding exclusive federal jurisdiction where alleged negligence "precluded [plaintiff] from securing patents on her inventions").

9. *Minkin v. Gibbons P.C.*, No. 2:08-02451, 2010 U.S. Dist. LEXIS 135847 (D.N.J. Dec. 23 2010) (finding § 1338 jurisdiction in patent prosecution malpractice case where plaintiff alleged that negligent drafting resulted in an overly narrow patent); *ARC Products, L.L.C., v. Kelly*, No. 4:10-CV-1248 (CEJ), 2010 U.S.

are not required to fall into line with the Federal Circuit regarding a jurisdictional determination; they are only bound by a determination of the United States Supreme Court. *See, e.g., Minton*, 301 S.W.3d at 709. Similarly, at least some district courts have found it unclear whether Federal Circuit holdings regarding § 1338 jurisdiction are binding on them. *See, e.g., Roof Tech.*, 679 F. Supp. 2d at 753 n.2 ("It is unclear whether decisions of the Federal Circuit determining the scope of federal jurisdiction in patent-related matters are binding on this court."); *but see Rockwood Retaining Walls, Inc. v. Patterson, Thuente, Skaar & Christensen, P.A.*, No. 09-2493 (DWF/FLN), 2009 U.S. Dist. LEXIS 119349 at * 8 (D. Minn. Dec. 22, 2009) (discussing § 1338 jurisdiction and stating that "this Court is bound, on issues of patent law, by the precedential decisions of the Federal Circuit").

Unlike traditional federal jurisprudential disputes involving circuit conflicts, there is not even certainty that consistent treatment *within* a circuit will develop. *E.g., Compare two Sixth Circuit cases, Byrne v. Wood*, No. 2:08-102-DCR, 2008 U.S. Dist. LEXIS 61962 at *11-13 (E.D. Ky. Aug. 13, 2008) (finding § 1338 jurisdiction where alleged malpractice in patent litigation required a case-within-a-case analysis of infringement) *and Taylor v.*

Dist. LEXIS 114220 (E.D. Mo. Oct. 27, 2010) (rejecting § 1338 jurisdiction in prosecution malpractice case where plaintiff alleged that missed deadlines and misrepresentations led to abandonment of patent application); *E-Pass Techs., Inc. v. Moses & Singer, LLP*, 189 Cal. App. 4th 1140 (Cal. App. 1st Dist. 2010) (rejecting § 1338 jurisdiction in patent litigation malpractice case where plaintiff alleged defendant's negligence caused plaintiff to bring patent infringement actions that were not viable). *See* Pet. 22-23 nn.10-11 for a list of prior cases.

Kochanowski, No. 07-11867, 2008 U.S. Dist. LEXIS 20430 at *5, 8 (E.D. Mich. 2008) (rejecting § 1338 jurisdiction despite the fact that alleged malpractice in patent litigation required a case-within-a-case analysis of infringement). This conflict—and the resulting uncertainty—will likely continue until the Supreme Court weighs in on the issue.

This case is a timely and appropriate vehicle for the Court to eliminate the current uncertainty among the state and federal courts. Because this case is predicated on common types of malpractice asserted against patent lawyers—failures to timely file and to disclose—the Court's consideration will lead to clear jurisdictional rules that will be easily applied by courts in the majority of cases in the future. *See Hertz Corp. v. Friend*, 130 S. Ct. 1181, 1193 (U.S. 2010) ("[C]ourts benefit from straightforward rules under which they can readily assure themselves of their power to hear a case").

II. Respondent confuses the fact-bound nature of the underlying malpractice case with the bright-line jurisdictional rule applied by the court below.

Respondents vigorously assert that review of this case should be denied because factual determinations play a role in assessing jurisdiction under 48 U.S.C. § 1338. This argument ignores the bright-line nature of the Federal Circuit's rule at issue in this case.

While *Grable & Sons Metal Products Inc. v. Darue Engineering & Manufacturing* held that it takes more than a federal element to open the "arising under" door, the Federal Circuit has effectively held that it takes no

more than a federal patent element to open that door. 545 U.S. 308, 313 (2005). The Federal Circuit's rule, as followed by the California court, requires only two determinations. First, does the state's malpractice law require demonstration that "but for" the attorney's alleged malpractice the plaintiff would have been successful in either the underlying suit or a hypothetical suit—i.e. does state law require a case-within-a-case? *See* Pet. App. 15a-16a; *Warrior Sports, Inc. v. Dickinson Wright, P.L.L.C.*, No. 2010-1091, 2011 U.S. App. LEXIS 521 at *10-11 (Fed. Cir. January 11, 2011); *Air Measurement*, 504 F.3d at 1269. Second, based on the plaintiff's pleadings, does proof of success in the underlying or hypothetical suit necessarily require analysis of patent infringement or claim construction for at least one of plaintiff's malpractice claims? *See* Pet. App. 16a-17a, 19a (patent infringement); *Warrior Sports*, 2011 U.S. App. LEXIS 521 at *12 (patent infringement); *Immunocept*, 504 F.3d at 1285-86 (claim construction). The question presented is whether application of the Federal Circuit's rule—*without* consideration of other facts—is true to the requirements of *Grable* and *Christianson v. Colt Industrial Operating Corporation*, 486 U.S. 800 (1988).

Far from undermining this Petition, Respondents' argument demonstrates the Petition's merit and the Federal Circuit's error in applying *Grable*. In *Empire HealthChoice Assurance Inc. v. McVeigh*, this Court analyzed whether a state–law claim fit within the "special and small category" of arising under jurisdiction. 547 U.S. 677, 699 (2006). This Court rejected federal jurisdiction, distinguishing *Grable* because the underlying claim was "fact-bound and situation specific" without significant

precedential[10] effect as distinguished from *Grable's* "nearly 'pure issue of law'" that would govern numerous tax sale cases. *Id.* at 700-01. No language could better describe a state-law claim of malpractice against an attorney than fact-bound and situation specific. And no court finding jurisdiction over a malpractice claim has even attempted to explain how a hypothetical case-within-a-case tried by a state court would bind numerous future federal patent law cases.[11]

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10. Respondents correctly assert that the determinations in a malpractice case can "dictate or at least strongly inform the rights of the parties" to the case. Resp. 19-20 n.5. However, that merely restates the goal in bringing any suit and is not the type of precedential effect on other cases and other parties that *Empire HealthChoice* found to distinguish *Grable*. 547 U.S. at 700-701.

11. Many courts rejecting § 1338 jurisdiction in malpractice cases do reach this issue and note that a state-law malpractice claim will not bind future courts or other parties. *See, e.g.*, *ARC Prods., L.L.C. v. Kelly*, No. 4:10-CV-1248 (CEJ), 2010 U.S. Dist. LEXIS 114220 at *6-7 (E.D. Mo. Oct. 27, 2010) ("A determination of the patentability of an invention in the context of a legal malpractice action does not have the same effect of such a determination made in the context of an infringement action. Thus, resolution of such issues as prior art or novelty of the invention in a case like this would not be controlling in other (patent) cases."); *Genelink*, 722 F. Supp. 2d at 600 (holding that the case-within-a-case "inquiry will essentially be the contemplation of a hypothetical situation, with no precedential effect"); *Danner, Inc. v. Foley & Lardner, LLP*, No. CV 09-1220-JE, 2010 U.S. Dist. LEXIS 63537 at *13-14 (D. Or. Mar 15, 2010) (citing *Empire HealthChoice*, 547 U.S. at 700, and holding that "the decisions that a trier of fact will be required to make in the present action will be fact specific as to this action, and will not implicate important issues of federal law that will be of significance in other cases"); *Roof Tech.*, 679 F. Supp. 2d at 753-54 ("[E]ven if the court must decide patent law issues, those decisions will not create or destroy any patent rights such

CONCLUSION

The Petition for a writ of certiorari should be granted.

Respectfully submitted.

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that uniformity in the way patents are issued or enforced will be threatened."); *Minton*, 301 S.W.3d at 709 ("[T]he issue of whether there was evidence of experimental use of the technology at issue is predominantly one of fact, with little or no precedential value.").